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House Bill _____
By _____

Senate No. SB1048
By Atchley

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 35, Part 2, Title 8, Chapter 37, Part 1; Sections 8-34-606(a), 8-35-107, 8-36-121, 8-36-805, and 68-2-1118, relative to the Tennessee Consolidated Retirement System.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 35, Part 2, is amended by adding a new section as follows:

8-35-2___. (a) The retirement system, on request of the chief governing body of a political subdivision participating in the retirement system, may administer on behalf of such political subdivision any pre-existing public employee retirement plan maintained by the political subdivision. Provided, however, any such plan must be a qualified plan under the Internal Revenue Code and must have a benefit structure suitable for efficient administration by the retirement system. Acceptance of the administration of the preexisting plan shall be subject to the approval of the board of trustees. If approval is given, such administration shall be in accordance with the tends specified by the chair of

the board of trustees, and all assets and requisite records of the pre-existing plan shall be transferred to the retirement system.

(b) The state treasurer shall be responsible for investment of the plan assets in accordance with the laws, guidelines and policies which govern investments of the assets of the retirement system. All assets of the pre-existing plan may be commingled for investment purposes with assets of the retirement system.

(c) The retirement system shall not be liable for the payment of any retirement allowances or other benefits on account of the members, retirees or beneficiaries of any pre-existing plan administered pursuant to this section for which reserves have not been previously created from funds contributed by the respective political subdivision or its employees for such benefits.

(d) It is the legislative intent that the state shall realize no increased cost as a result of this section. All costs associated with this section, including administrative costs, shall be the responsibility of the respective political subdivision.

SECTION 2. Tennessee Code Annotated, Section 8-34-606(a), is amended by deleting it in its entirety and by substituting instead the following:

(a) Subject to the approval of the board of trustees, any member who is a full-time employee and who is on educational leave of absence from service for the purpose of attending sch66l or engaging in academic research related to such employment may establish retirement credit for such leave period under the following conditions:

(1) The leave is intended to increase such member's efficiency to the member's employer;

(2) The member must be reemployed by such employer within one (1) year following the leave period and remain so employed for at least one (1) year thereafter;

(3) The member makes monthly contributions to the retirement system during the period on the basis of the member's earnable compensation in effect immediately prior to the commencement of such leave;

(4) If the monthly contributions are not timely made, the member pays interest on such contributions at the rate provided in 8-37-214; and

(5) The total amount of retirement credit the member may establish for educational leave of absence shall not exceed an aggregate of two (2) years during the member's working career.

SECTION 3. Tennessee Code Annotated, Section 8-35-107, is amended by adding the following new subsection:

(c) Notwithstanding any provision of this section or any other law to the contrary, any employer participating in the retirement system on July 1, 1995 who has not established a temporary employment period on such date, and any employer who thereafter becomes a participating employer, shall be prohibited from establishing a temporary employment period pursuant to this section.

SECTION 4. Tennessee Code Annotated, Section 8-35-217(a), is amended by deleting from subdivision (1) the words and figures "and establishment of temporary employment in accordance with §8-35-107", by deleting from subdivision (2) the words "these options" and by substituting instead the words "this option".

SECTION 5. Tennessee Code Annotated, Section 8-35-218, is amended by deleting from subdivision (1) thereof the words "containing an irrevocable election", by deleting from subdivision (3) thereof the words and figures "two-thirds (213) vote of" and by substituting instead "resolution legally adopted and approved by".

SECTION 6. Tennessee Code Annotated, Section 8-35-218, is further amended by deleting the word "and" at the end of subdivision (12), by deleting the period at the end of

subdivision (13) and by substituting instead the punctuation and word "; and", and by adding the following new subdivision (14) at the end thereof:

(14) The political subdivision may elect at a later date to rejoin the retirement system in accordance with § 8-35-201; provided, however, any such resolution to rejoin shall be irrevocable and the political subdivision shall not later be permitted to withdraw under the provisions of this section.

SECTION 7. Tennessee Code Annotated, Section 8-35-236 (a), is amended by deleting from the first line thereof the word "has" and by substituting instead the word "completes".

SECTION 8. Tennessee Code Annotated, Section 8-35-236 (a)(5), is amended by deleting the last sentence thereof in its entirety.

SECTION 9. Tennessee Code Annotated, Section 8-36-121(d), is amended by deleting the second sentence thereof in its entirety and by substituting instead the following:

(d) By doing so, benefits are payable in a lump sum and are not payable under § 8-36-108, § 8-36-109 or part 6 of this chapter, unless the member's surviving spouse is one of the beneficiaries named. If the member's surviving spouse is named, the spouse shall be entitled to receive any retirement allowance which would otherwise have been payable had the surviving spouse been named the sole beneficiary. If the named surviving spouse elects to receive a retirement allowance, no benefits shall be paid to the remaining beneficiaries. If the named surviving spouse elects to receive the lump sum payment provided herein, the payment shall be distributed in equal proportions among the named surviving spouse and the other surviving beneficiaries.

SECTION 10. Tennessee Code Annotated, Section 8-36-805, is amended by inserting immediately after the word "service" and immediately before the word "in" in the first sentence thereof the word "temporarily", by adding the following as a new subdivision (2) and by redesigning the existing subdivisions accordingly:

(2) The retired member does not return to service until the expiration of at least sixty (60) calendar days from the member's effective date of retirement, unless such member returns to service in a position wherein the member renders less than one-half (112) the hours per day the member was scheduled to work prior to retirement and the head of the employing entity certifies in writing to the division of retirement that no other qualified persons are reasonably available to fill the position.

SECTION 11. Tennessee Code Annotated, Section 68-2-1118, is amended by deleting it in its entirety and by substituting instead the following:

Community health agencies shall be eligible to be participating employers in the Tennessee consolidated retirement system.

SECTION 12. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 13. This act shall take effect upon becoming a law, the public welfare requiring it.